

Submission – Murray Darling Basin Royal Commission
W. McClumpha- irrigator of Victoria

My submission relates to the likely hood or other wise of the recovery of the 450GL Upwater, and to the EY report.

Summary- the full 3200GL Murray Darling Basin Plan, as agreed to in 2012 by the Commonwealth and the four Basin states, remains in danger of not being realised because of opposition to recovery of the 450GL Upwater component from various players including Victoria.

-what actions should South Australia be considering with respect to protecting its interests in relation to the MDBP?

1. Both an individual and in my position as a member and policy spokesman for the VFF Sunraysia Branch, I have advocated support for a workable Murray Darling Basin Plan during the whole MDBP process. That advocacy included participating in the process and the broader debate, media activity, putting submissions to government, and attempting to define, and to distinguish, the key elements of the debate from the parallel issues of water reform and economic circumstance.
2. The Plan as agreed in 2012 between the Commonwealth and the four Basin states is a 3200GL plan, with the physical water to be recovered by 2024, and to be able to be utilised to the benefit of the environment to its full potential with constraints removed.
3. At 3200GL, the agreed Plan is at the very bottom end of the range of recovery figures put forward in the various studies (MDBRC issues paper 2) as satisfying the requirements as to what constitutes the Environmentally Sustainable Level of Take legally required for the agreed MDBP.

4. If the 605GL Downwater projects do not deliver on their supposed potential, then the full agreed Plan would not satisfy the ESLT requirements. This would especially be so if the “toolkit” measures and projects supposedly enabling the now certain 70GL reduction in the Northern Basin recovery target failed to realise their supposed benefits.

The full agreed Plan includes the 450GL of physical water to be realised from the upward adjustment of the Sustainable Diversion Limit Adjustment Mechanism. Should the 450GL of Upwater not be realised, then the MDBP would be a severely truncated 2750GL Plan with only 2100GL of physical water, and would fall a long way short of achieving the required ESLT.

5. The consequences of this would be severe. The presently high level of environmental degradation which engendered the Plan would continue and accelerate as the population and related demand pressures increased, and as the effects of climate change increasingly manifested themselves.

The MDB would not have a sustainable future in socio-economic terms. In the mid and the long terms the effects on Basin communities, and on South Australia in particular, would be catastrophic in economic terms alone.

6. The May 5 2018 “Compact” between the Federal Coalition Government and the Labour opposition, “Statement on the MDBP”, was an apparent move forward towards securing the 450GL of Upwater for the MDBP. The agreement appears to lock in NSW as a willing participant in the process to recover the Upwater.

However Victoria is not mentioned, and it is clearly not safe to presume that the items in the agreement, including

- a) the announcement of “Expressions of Interest for efficiency projects” or
 - b), the tying of SDL supply project funding to “full co-operation with the delivery of efficiency measures as defined under the Basin Plan”,
- will secure Victoria's engagement in Upwater recovery This is

especially so in the light of Minister Neville's re-statement on May 8 (ABC radio Mildura), of her refusal, regardless of the May 5 agreement, to countenance recovery of the Upwater.

If South Australia is to protect its own interests and preserve the possibility of a sustainable future in economic and social terms, it is clearly invested in the full agreed 3250 GL MDBP being achieved.

If the Commission accepts that premise, then it follows that

a) SA should expedite a robust evaluation of the present state of play with respect to the progress or otherwise of the MDBP, including

i) the realities as to how the MDBP “debate” began and has evolved, and as to what the present realities and parameters of the “debate” imply with respect to how players including SA might progress acceptable outcomes.

ii) As to how SA has progressed its own interests to date with respect to MDBP water recovery, including whether the state as a whole has pursued its own interests diligently and competently and in a unified way, and whether SA as a state has failed to understand, or failed to acknowledge, the realities of the “debate”, and has therefore compromised progress towards achieving the possibilities presented to it by the MDBP and the MDBP process.

b) SA should, following such an appraisal, consider the best way forward towards protecting its own interests, specifically with respect to ensuring that the recovery of the 450GL now goes ahead as agreed in 2012.

THE “DEBATE” TO DATE- The MDBP is a plan to to recover sufficient water for the environment from consumptive use to ensure that the MDB environment and its economy and

communities are sustainable.

Since its inception however, the MDBP has encountered difficulties. The necessity for the Plan has not been effectively retained, and its constituent elements have not been sufficiently defined and explained. To this day the MDBP remains misunderstood, unloved, unsupported, and a mystery to most. The elements of the Plan have been intertwined and confused with parallel water related issues including water reform and compliance. Water itself, especially water abstraction (the conceptual and legal framework for defining and exploiting the resource) is notably esoteric and arcane.

Then over that existing complexity the extra complexity of the MDBP has been imposed.

The result has been mass confusion as to what the the MDBP is, and as to how its implementation actually affects stakeholders as distinct from how it is perceived to affect stakeholders.

This mass confusion has been compounded by

a) the failure of the media and many stakeholders to understand the terms of the debate, including the basic elements of “water” itself, including for instance

- water “shares” and water “allocation” to those shares
- water trading and water trading rules and regimes
- how water moves in response to market forces and economic imperatives
- how and why water moves between between districts, valleys and states, and moves between owners
- how water authorities work, and how the viability of water authorities and districts depends primarily on terms of trade and water availability (rainfall) factors, not on the progression of the MDBP and its related water recovery

-the distinction between the MDBP (water recovery), “water reform” (COAG, NWI), and “compliance” (Four Corners “Pumped” July 2017

—
b) the failure of the media and stakeholders to understand the elements of the MDBP itself, including the SDL adjustment mechanism, and the legislative and regulatory framework of the plan.

. c) the failure of the MDBA, government, stakeholders and interested parties to promote a rational discourse with defined terms

d) the media failing to understand, acknowledge or engage with the elements of the MDBP itself as distinct from the parallel issues of compliance and water reform

e) the urban media failing to acknowledge the MDBP at all.

f) the rural media with few exceptions taking sides and promoting populist, politically motivated, anti-MDBP, anti water recovery agendas.

CONFUSION EXPLOITED

Various players including politicians, government and action groups have exploited this confusion to further their own profiles and agendas. Players can readily state and restate anti MDBP, anti water recovery tropes unchecked and uncontested. For example

-“the MDBP has ripped the guts out of my community”

-the MDBP has destroyed the x industry

-the MDBP has increased the price of temporary water by x amount and made x and y industries unviable

-the MDBP has “taken water from irrigators”

-the MDBP has caused a “green drought” because the CEWH has “got all the water”

-the MDBP “has caused lower allocations to entitlement holders” -if the 450GL Upwater is recovered it will “destroy horticulture in x and y districts and cause the collapse of a and b water authorities and destroy the regional economies”

-x district or state or industry has done enough “heavy lifting” with respect to water recovery and will “collapse if the 450GL Up water recovery goes ahead and takes more water from

irrigators”

This seething, unchecked hostility to the MDBP, and the ongoing general confusion regarding the Plan, means that progressing recovery of the Upwater by interested players including SA will be challenging. If SA wishes to progress a realistic agenda to recover the Upwater, then a starting point would be to review its own record with respect to the Plan, including the extent to which it has contributed, including by omission, to the present state of affairs.

SOUTH AUSTRALIA AND THE PLAN

Any objective evaluation of SA's apparent engagement with the MDBP and the MDBP process would be hard pressed to conclude that SA has worked effectively to protect its own interests overall with respect to the Plan.

SA might be deemed to have done well with respect to achieving favourable terms for various MDBP water recovery and adjustment programs, but it is reasonable to assert that SA, and South Australian stakeholders collectively, have failed to identify or concede the importance to the state of achieving the full agreed 3200GL Plan. Furthermore they have failed to identify and progress a rational and considered strategy of social and political engagement with respect to the MDBP in order to protect SA's interests.

POSITIVES

Positive examples- At the Adelaide MINCO in 2016, Minister Ian Hunter responded in robust terms to Victorian Water Minister Lisa Neville's siding with Barnaby Joyce in pre-empting the recovery of the 450GL of Upwater. Mr. Hunter was correct in his assessment that Ms. Neville was engaged with Mr. Joyce and various other players in a strategy to re-define the MDBP down to a truncated 2750GL form, and that this was a self interested, politically motivated renunciation of the agreed Plan by Victoria, and against the South Australian interest.

Mr. Hunter received some lukewarm support from South Australian players for his stance, but plenty of brickbats. He

battled on as water minister with little popular support, but in objective terms his positions on critical aspects of the Plan were sound. For example his insistence that the Senate dis-allowance motions as to the Northern Basin Review and as to the SDL adjustment measures had merit from the SA perspective. Also, his insistence that SA should link consent to the SDL package with concrete outcomes as to recovery of the 450GL Upwater.

Other than Mr. Hunter and his thought provoking assessment of Lisa Neville, SA has received little media attention in the Eastern states until the advent of the Royal Commission

NEGATIVES

Negative examples-in SA itself, despite its demonstrable importance to the state, there is little apparent popular awareness of, or interest in, the politics of the Plan.

-in the run up to the recent state election the MDBP was not an issue. Google searches reveal zero statements regarding the Plan by any politician or commentator. Searches reveal zero remarks or commentary regarding the Plan by then Shadow Water Minister Mr. Speirs in any capacity at all ever, including with respect to Mr. Hunter's performance as minister.

-there is little evidence in the Victorian media, or the media generally that SA or South Australians are interested in progressing agreed MDBP outcomes. For example there are no advertisements, or letters to the editor, from SA politicians, organisations, or individuals, presenting the case for SA, or countering the populist anti-Plan narrative dominant in Victoria and in the Victorian media. It is fair to ask to what extent has a pro-MDBP narrative been progressed even within SA?

-The DEWNR website has zero reference to the MDBP, or to the implications for SA and its irrigators and communities of the full Plan not being realised. There is no explanation of the elements of the Plan or of its legislative framework or of its progress or otherwise through parliament.

REVIEWING SOUTH AUSTRALIAN PLAYERS

A useful review of SA's own performance with respect to the

MDBP should include an evaluation as to the extent to which South Australian players with strategic importance to SA's MDBP related endeavours have advanced SA's position.

Senator Anne Ruston- has the Senator used her position as the Assistant Minister for Agriculture and Water Resources to the best advantage of SA?

Neil Andrew- Has Neil Andrew used his position as chair of the MDBA to properly promote an informed, clearly defined public discourse on the MDBP? Has Neil Andrew, within the bounds of the requirements of his office, strategically promoted South Australia's interests with regard to achieving a 3200GL outcome?

DEWNR- Has the department engaged with the MDBP and its elements to the best advantage of SA, including with respect to its engagement with and advice to the Minister?

CIT- The Central Irrigation Trust and other key organisations under control of the Minister are politically aligned with the National Irrigators Council. The NIC does not represent irrigators but is presented in the media as doing so. The NIC has a powerful political and media influence on the Plan, but it espouses the truncated 2750GL Plan. It is a direct contradiction for SA to espouse a 3200GL Plan, yet tolerate its own government organisations working against a 3200GL outcome.

ADELAIDE UNIVERSITY etc. -Has South Australian academia been sufficiently engaged to date with respect to the Plan and with realising its opportunities for SA? For example the so called “socio-economic” studies that Victoria still relies upon to justify its denial of the SA interest cannot stand close scrutiny. They could easily be discredited on multiple grounds by any competent academic such as Professor Mike Young. -

-SA academics have pointedly failed to construct a counter narrative to the populist anti-Plan narrative propounded by Victoria. For example by de-constructing the Victorian “socio-

economic” studies, and monetising projections of gains from achievement of the full 3200GL Plan compared with lesser water recovery programs. Why has this work not been done?

GOING FORWARD

If the Royal Commission identifies that a 3200GL Plan should be pursued, the commission might like to ask some questions and consider some suggestions as to how best to strategically progress SA's position.

QUESTIONS

-It is possible that the 2750GL target could be legally challenged on the grounds that it fails to satisfy the ESLT required.

A legal challenge would be costly and time consuming, and even if successful would give Victorian elements ammunition to continue the tactic of brinkmanship and advocate withdrawal from the Plan.

-If SA did proceed with legal action it would arguably be in SA's interests to also implement a parallel strategic campaign to re-assert its place in MDBP politics and recover its position vis a vis Victoria.

STRATEGIES TO MOVE FORWARD

-SA might consider defining and advocating a unified position, or manifesto, vis a vis the Plan for SA, such as ***“there are many opportunities for water efficiency gains in the MDB, and it is in the interests of all South Australian consumptive users including irrigators that some of those potential gains go to the environment in the form of the 450GL Upwater, rather than all potential efficiency gains going to consumptive use as advocated by CIT, NIC, Victoria etc”***.

Strategic measures to achieve this objective might include

- a) extra support for Mr. Speirs to ensure a full

understanding of how to best progress SA's interests vis a vis Victoria and NSW etc., including realistic advice on the real agendas of all the major players.

b) a realistic assessment as to whether key SA players might modify their positions and increase their endeavours to better represent SA's interests.

c) assess as to how key government bodies including those controlled by DEWNR might better progress the interests of SA with respect to achieving full water recovery.

d) engage with Victoria and other hostiles with respect to the “socio-economic” battleground. This would involve acknowledging that the 450GL is conditional on “socio-economic” neutrality, that Victoria and other players have constructed their ant-Plan strategies on denying that “socio-economic” neutrality is possible, and devising effective strategies to counter that narrative, including promoting and utilising the Victorian initiated EY Report

) e) promote and utilise the EY Study and its findings as central to achieving Upwater recovery. This would include countering the Victorian/NIC/NFF strategy of discrediting, side-lining and burying EY.

f) strategically engage with Victoria with respect to the “socio-economic” reports, the TCA/Frontier Economics Report and its forerunner the GMID Action Group Report. Neville relied on the draft TCA Report when she sided with Barnaby Joyce at the Adelaide MINCO in November 2016 to renege on the 3200 agreed Plan and work for a truncated 2750GL Plan. These reports were commissioned to support a pre-existing anti-Plan agenda and can readily be critiqued to SA's advantage.

Neville worked with Blair at the March 2017 MINCO in Echuca to initiate the EY Report with the objective of consolidating the

so-called findings of the RMCG and TCA Reports. EY landed where Victoria etc. did not expect it to, and SA would clearly have the upper hand with respect to economic credibility if it utilised the EY Report to its advantage.

g) engage strategically politically with Victoria. This could include constructing a narrative reflecting and critiquing the reality that Victoria's stance is self interested and populist, is driven by the dairy/gravity irrigator lobby centred in the the Goulburn Murray Irrigation District and its perceived electoral influence, and robustly asserting the counter argument that the interests of all stakeholders, including GMID irrigators, are best served by the full agreed Plan going ahead with the 450GL of Upwater.

h) support a pro-Plan narrative by fully utilising potential with respect to advocating the positive “socio-economic” benefits of recovering the Upwater. For example, by constructing benefit-cost analysis of the various scenarios examined in the 2012 MDBA study “*Hydrologic modelling of the relaxation of operational constraints in the southern connected system: Methods and results*”

Such a study would properly monetise the extra long term economic value that a ESLT compliant 3200GL Plan, with its superior salinity and water quality outcomes, and superior physical reach, would deliver in terms of bio-diversity, preservation of species and habitat, agricultural and horticultural output, tourism and amenity.